

PRESS RELEASE

Governor Baker and Secretary of Energy and Environmental Affairs Katie Theoharides Testify Before Joint Committee on Revenue

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BOSTON — Today, Governor Charlie Baker and Secretary of Energy and Environmental Affairs Katie Theoharides testified before the Massachusetts Joint Committee on Revenue to discuss the administration’s legislation to improve climate resiliency, *S.10: An Act providing for climate change adaptation infrastructure investments in the Commonwealth*.

Remarks as prepared for delivery:

Governor Baker:

“Good Afternoon Chair Hinds, Chair Cusack and members of the Committee – thank you for the opportunity to testify today about *S.10, An Act providing for climate change adaptation infrastructure investments in the Commonwealth*.

“I am joined today by Energy and Environmental Affairs Secretary Katie Theoharides and other members of the Executive Offices of Energy and Environmental Affairs and Administration and Finance. We thank you for your support of this issue and look forward to working with you and the rest of the legislature as we build on our administration’s commitment to preparing for climate change through the passage of *S.10*.

“We have already seen the consequences that climate change is having on our state and in our country, and we are beginning to understand the mounting cost of these impacts. We are committed to substantially expanding our investment in resilient infrastructure and other adaptation strategies across the Commonwealth. I want to thank the legislature for their support of efforts to address climate change to date, and particularly with the Environmental Bond Bill passed last year, the State Hazard Mitigation and Climate Adaptation Plan and the Municipal Vulnerability Preparedness, or MVP program.

“These efforts have laid the foundation for a tremendous amount of work that is now ongoing across the Commonwealth. And they’ve shown us the need for this bill, and how critical it is we dedicate new revenue to expand and implement these approaches. I also want to thank cities and towns for partnering with us to develop our nationally recognized MVP program and for taking bold leadership to identify risks and implement solutions early on. Together, we have built the capacity to identify our climate change vulnerabilities and take action to become more resilient, so that we are all better prepared to deal with the effects of climate change.

“I was asked to testify in front of Congress earlier this year on the need for increased action to reduce the causes of climate change through greenhouse gas mitigation, while at the same time supporting local communities as they adapt and prepare for the challenges ahead. I was able to share the collaborative approach we have here in the Commonwealth, working with this legislature and many other partners to model practical, cost effective solutions to climate change that other states and countries can, and have already adopted.

“While the state is moving forward with existing resources to prepare for a changing climate, we continue to identify significant vulnerabilities across sectors that require sustained investments to protect our communities from impacts of climate change. And cities and towns across the Commonwealth have identified and shared their priority actions to build resilience to climate impacts with us.

- For example, the City of Northampton is designing green infrastructure to reduce stormwater flooding at 10 key sites across the city.

- The Town of Mendon has seen significant inland flooding and is creating new low impact development bylaws to reduce stormwater.
- Pittsfield is replacing a high priority culvert that causes regular flooding.
- And Belchertown is designing a rainwater harvesting system that irrigates athletic fields at the high school and reduces demand on and increases reliability of the Town's public water system.

“Through our MVP program, we are proud to support these important efforts. They are only a few examples, out of the 249 communities that have now used the MVP planning process, to demonstrate the breadth and scale of the demand and the desire from Massachusetts cities and towns to respond to wide-ranging climate impacts. In every community that the LG and I visit, much work remains to be done. I am willing to bet that you see and hear many of the same things in your districts.

“First, I want to talk today about the work underway to adapt and increase resilience to climate change, and the partnerships we've built with cities and towns to understand the challenges they face and the scale of their need.

“From the beginning of our time in office, addressing and combating climate change has been a key priority for me and the Lt. Governor.

“The Commonwealth has a long history of leading the way on climate action and my administration has built on that record by working to bolster the regional cap-and-trade programs for the electric sector, also known as RGGI, to prioritize our nation leading energy efficiency programs through MassSave, and to focus on cost-effective clean energy resources from hydropower and offshore wind. We are now targeting state and regional policies to reduce emissions from transportation and buildings, which constitute a majority of our state's current and projected emissions. A key aspect of our work is to ensure that here in the Commonwealth we are developing cost effective emission reduction strategies, new technologies, and commonsense approaches that can be deployed around the country.

“As we continue to prioritize emission reductions to address the causes of climate change, we must also implement strategies to prepare for a rapidly changing climate, and once

again our role is not only to protect our own communities, but to develop solutions and policy approaches that can be shared outside the borders of our Commonwealth. In September 2016, I issued Executive Order 569 to establish an aggressive, integrated strategy to further reduce greenhouse gas emissions and to, for the first time, prepare state government and local communities for the climate challenges ahead.

“My Executive Order called for the Executive Office of Energy and Environmental Affairs to work with the Executive Office of Public Safety and Security to use the best available climate change science and risk assessments to develop a State Hazard Mitigation and Climate Adaptation plan, released last fall. The order also called for the designation of climate change coordinators in each Secretariat, the completion of agency vulnerability assessments for critical assets, and directed financial and technical support to local resilience planning and implementation through the Municipal Vulnerability Preparedness, or MVP program.

“As work got underway through this Order, I filed an Environmental Bond Bill to ensure that we had the funds available to pay for priority climate change adaptation and resiliency efforts and to align existing spending with the state hazard mitigation and climate adaptation plan.

“Passed by the legislature in July 2018 and signed into law last August, the 2018 Environmental Bond Bill authorized over \$2.4 billion in spending for projects ranging from climate change adaptation to land protection, including over \$200 Million specifically for climate change resiliency efforts. The bill also codified many components of the Executive Order including the state plan and MVP program.

“We are now convening the Resilient MA Action Team, an inter-agency Steering Committee, to guide implementation of our state plan and to further refine priority actions. In the first year the RMAAT will be exploring development of state-wide climate resilience standards and completing a resilience evaluation for our annual capital planning process. As we work to secure additional revenue to deal with this challenge, we must also ensure that all spending decisions are made in a climate-smart manner.”

Secretary Theoharides:

“It is clear that the Commonwealth needs to incorporate climate change into our decision-making, risk management, policies and budgets moving forward.

“Here in Massachusetts, we have already started to see the impacts of a changing climate. And these impacts come with a growing cost. Last March, as a result of extreme weather, the New England region experienced loss of life and billions of dollars in damages. Each time there is a disaster, our towns and public agencies incur substantial costs. However, many of the current federal funding sources directed through FEMA are only available after a disaster occurs. In the past 40 years for example, there have been hundreds of millions in National Flood Insurance loss payments across the Commonwealth.

“New investments need to take into account climate change impacts like sea level rise and inland flooding that may further expose already vulnerable populations and communities to increased risk. It is our responsibility to ensure cities and towns across the Commonwealth have the financial and technical resources they need to prepare their residents, businesses, and infrastructure for future conditions that are different and more extreme than those they were built to handle.

“We know there is a dire need to repair our aging infrastructure and ensure its resilience to climate change. Throughout the Commonwealth there are 370 miles of revetments and seawalls; 3,000 dams – 300 of which are deemed high hazard; and more than 25,000 culverts and small bridges—most of these constructed over 70 years ago before modern environmental regulations and without consideration of the increased frequency and severity of storms, rising temperatures and other extreme events we already are beginning to experience today.

“Aging dams can threaten public safety and reduce environmental quality and are a liability to their owners. Close to \$15-20 million is needed over the next four years to advance current dam removal projects through design and permitting to construction. The Division of Ecological Restoration and the Dam and Seawall Program receive hundreds of requests for dam removal every year and this \$15-20 million represents only a fraction of the need.

“Similarly, at the local level there are over 1,100 municipally owned coastal structures in 62 coastal communities. We estimate at least \$680 million in costs to bring deficient

structures back to their operational levels. This is not to mention the added costs to retrofit existing structures to ensure they are equipped to handle the rising sea levels and more intense storm surge we face today and into the future.

“We estimate more than half of the 25,000 culverts and small bridges are in need of replacement today – they are poorly located, deteriorated, or undersized and often exacerbate road flooding, cause road washouts during extreme storms and prevent fish and wildlife passage. Municipalities are eager to replace failing culverts with larger, safer structures but lack the resources. While we already have funding in place for a portion of this work, as more culverts approach the end of their working lifespan, this need will only grow.

“The success of the Municipal Vulnerability Preparedness program has offered the Administration a clearer understanding of the scale of the risks our communities face due to climate change, and an opportunity to prioritize the resources needed to adapt and prepare for these impacts. As we have implemented the MVP program we have continued to meet with and work with communities across the state to ensure we design a program that works for our cities and towns and we are pleased to say that MVP has already been adopted as a model in Rhode Island and Hawaii as well as through the U.S. Climate Alliance best practices for new governors.

“In its first 3 years, the MVP program enrolled 71% of Massachusetts municipalities, and awarded over \$17 million in planning and action grants. Record participation underscores the real need and enthusiasm for climate-smart solutions that promote strong local economies while reducing risks, increasing safety and avoiding future costs.

“The MVP program includes both a planning phase and an action grant, only available to communities who have completed planning. In the most recent round of MVP Action Grants we saw a tremendous need emerging across the Commonwealth. With not even a third of cities and towns eligible for funding, we received a request of \$26 million from every county in the State. At current funding levels we were able to fund less than half of this request.

“This year, 92 additional communities received \$2.4 million in funding to start town-wide planning, bringing the total number of MVP communities to 249.

“Once this cohort completes their planning, they will become eligible to apply for MVP Action Grants, and the demand for resources will grow significantly. At the same time, many of this year’s MVP Action Grants were for project design and feasibility studies. As these projects mature through the design phase to construction the need will continue to grow.

“MVP and other funding sources through the Executive Office of Energy and Environmental Affairs are starting to address some of these priorities, and they are advancing local resilience innovation across the state.

- Braintree is advancing final design and permitting of two obsolete and deteriorating dams. Failure of these dams has the potential to create long-term disruptions to transportation infrastructure, including the Commuter Rail, three bridges, and nearby development.
- Deerfield’s green infrastructure installation and replacement of two priority culverts with larger, more resilient culverts will significantly reduce flooding in the town center.
- Mattapoisett’s purchase of 120 acres of forest, streams, freshwater wetlands and coastal salt marsh as conservation land will prevent development in vulnerable areas to reduce the Town’s long-term risk to losses, and build a foundation for local, long-term resilience.
- Millbury is addressing stormwater capacity throughout Armory Village through green infrastructure like stormwater planters, bioretention bump outs, rain gardens, and other measures like porous pavers and pervious pavement to reduce heat island effects and stormwater runoff into the Blackstone River.
- Boston is developing its first ever resilient building code so that development in the future floodplain is prepared for at least three feet of sea level rise, the likely scenario by late century. And the city is now retrofitting a major waterfront park into a legacy park that uses nature-based solutions to address climate vulnerabilities while providing important access to recreation for residents.

“While we are proud and supportive of all the progress so far, we project that the demand for resources will grow significantly in the coming months and years.

“We’ve heard loud and clear that communities want to be engaged in the work of designing the climate-resilient communities of tomorrow, and this partnership between state and local government gives us a way to do just that. And, through the MVP program we’ve caught a glimpse of the true scale of the investments required to cost-effectively prepare for a rapidly changing climate.”

Governor Baker:

“This is why I filed this legislation – to provide our state and our communities with a new source of revenue that will position us to address the fundamental climate challenges we face.

“This bill proposes an increase to the state’s deeds excise from \$2.28 to \$3.42 for every \$500 of the price of a property sale. This will allow us to invest approximately \$137 million annually or \$1 billion over ten years in climate change adaptation and resiliency projects throughout the Commonwealth.

“This increase provides a sustainable, dedicated funding revenue stream that will be available to invest directly in local and state climate change work, year after year, without further appropriation. Funds will be able to be spent across fiscal years, meaning that we will be able to support larger, more complex construction and implementation efforts, while providing the kind of funding certainty that municipalities so desperately depend on.

“This increased revenue will be deposited in the Global Warming Solutions Trust Fund, created through last year’s environmental bond bill. The funding will be used to support municipalities and regional municipal partnerships through loans, grants and technical assistance to implement priority adaptation projects that fortify infrastructure, enhance natural resources, and protect public and private property and our municipal tax bases – the exact types of properties this revenue stream is funded through. Property owners have the most to gain from this legislation, and the most to lose by limited investments in resilience.

“Because the revenue stream will be both recurring and will not rely on borrowing, it can be directed based on sound data and policy criteria, to assist homeowners, businesses, and other institutions, where necessary, to plan for climate change. It can also be used to

build capacity at the local level to provide the broadest long-term benefits for communities and property owners. We will work with stakeholders across the state to further design and outline the most equitable and cost-effective strategies to allocate the resources generated through this fund, and we will seek to make investments that include some of the following:

- design, permitting, and construction to redesign, retrofit, or relocate vulnerable and critical community facilities and infrastructure.
- energy resilience investments including distributed clean energy generation, storage, and other technologies to reduce frequency and duration of energy outages at critical facilities.
- conservation of land identified through a climate vulnerability assessment to enhance community resiliency;
- efforts to support vulnerable populations and environmental justice communities;
- ecological restoration to increase resilience such as the restoring and enhancing natural wetlands to attenuate floodwaters and mitigate damage.

“This proposal builds on the investments and planning efforts of the Legislature, our municipal partners, and ideas we have heard traveling around the state. The LG and I believe it addresses the serious needs and challenges that the Commonwealth faces from climate change and our ability to make a different future possible. The funding that would be available through this legislation will allow us to make important investments in cost-effective and data driven solutions. It can work in parallel with other developments in climate change mitigation, including programs supported in the state budget, the capital plan, and other resources and proposals out there, including the Community Preservation Act, which was first signed into law by our former boss, colleague, and mentor, the late Governor Paul Cellucci.

“We look forward to continuing the dialogue about ways to make the Commonwealth stronger, safer, and more resilient.

“S.10 will provide for an investment in our collective future as a Commonwealth and represents a strong commitment to adapting and preparing for the impacts of climate

change while building the resilient communities of tomorrow.

“The Lt. Governor and I are proud of the work Massachusetts has done thus far to prepare for and adapt to the impacts of climate change and look forward to working with the legislature to ensure we have the financial capacity to sustain and expand this critical work across the Commonwealth and to deliver on the promise of our MVP program.

“Thank you for the opportunity to testify today, the Secretary and I are happy to answer any questions you may have.”

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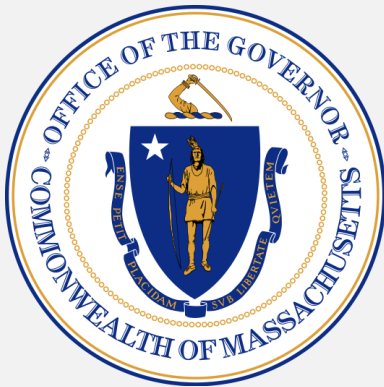
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